



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

CHRIS KOLB  
DIRECTOR

July 18, 2019

The Honorable Jim Stamas, Chair  
Senate Appropriations Committee  
Michigan State Senate  
State Capitol  
Lansing, Michigan 48909

The Honorable Shane Hernandez, Chair  
House Appropriations Committee  
Michigan House of Representatives  
State Capitol  
Lansing, Michigan 48909


Dear Legislators:

SUBJECT: Supplemental Request 2019-5

Attached please find supplemental recommendations for fiscal year 2019 for the departments of Agriculture and Rural Development, Health and Human Services, Judiciary, State Police, and Technology, Management and Budget.

If you have any questions regarding this request, please contact Kyle Jen at (517) 373-0870.

Sincerely,



Chris Kolb  
State Budget Director

Attachment

cc: Mike Shirkey, Senate Majority Leader  
Lee Chatfield, Speaker of the House  
Jim Ananich, Senate Minority Leader  
Christine Greig, House Minority Leader  
Senate Appropriations Committee  
House Appropriations Committee  
Senate Fiscal Agency

Departments  
JoAnne Huls, Chief of Staff  
Jay Rising, Cabinet Secretary  
Kyle Jen, Deputy State Budget Director  
Mike Moody, Office of Financial Management  
Internal State Budget Office  
House Fiscal Agency

**Report ID:** BUD-SUPLET-0047**SIGMA****Run Date:** 07/17/2019**Supplemental Letter Detail****Run Time:** 11:59:56 AM**Supplemental Letter # 2019-5****Agriculture and Rural Development**

<b>Appropriation Summary</b>	<b>Appn/Fund</b>	
<b>GROSS APPROPRIATION</b>		<b>1,277,000</b>
Total interdepartmental grants and interdepartmental transfers	IDGT	0
<b>ADJUSTED GROSS APPROPRIATION</b>		<b>1,277,000</b>
Total federal revenues	FDRL	0
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	0
State general fund/general purpose	GFGP	1,277,000
<b>ONE-TIME APPROPRIATIONS</b>	<b>Appn/Fund</b>	
Industrial hemp research and development	T48963	1,277,000
<b>GROSS APPROPRIATION</b>		<b>1,277,000</b>
Appropriated from:		
State general fund/general purpose	1000	1,277,000

**Boilerplate**

Sec. xxx. The unexpended funds appropriated in part 1 for industrial hemp research and development are designated as a work project appropriation, and any unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditure for projects under this section until the projects have been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

- (a) The purpose of the project is to implement industrial hemp pilot research programs.
- (b) This project will be accomplished by utilizing state employees or contracts with service providers, or both.
- (c) The total estimated cost of the project is \$1,277,000.00
- (d) The estimated completion date is September 30, 2021.

**Explanation**

This supplemental request provides \$1.3 million in General Fund authorization to develop and implement industrial hemp pilot research programs including licensing, monitoring, and testing in accordance with Public Act 641 of 2018. Program participants are required to obtain a license and enter into a research agreement with the department prior to planting, harvesting, and marketing industrial hemp.

Funding appropriated in support of industrial hemp development under Public Act 618 of 2018 has resulted in the issuance of 600 licenses to nearly 400 businesses to date to facilitate planting in the Spring of 2019.

Following the startup activities supported by this request, ongoing revenues to support industrial hemp programs will be supported with licensing and registration fees assessed to growers, processors, and handlers.

**Report ID:** BUD-SUPLET-0047**SIGMA****Run Date:** 07/17/2019**Supplemental Letter Detail****Run Time:** 11:59:56 AM**Supplemental Letter # 2019-5****Health and Human Services**

<b>Appropriation Summary</b>		<b>Appn/Fund</b>
<b>GROSS APPROPRIATION</b>		<b>49,800,000</b>
Total interdepartmental grants and interdepartmental transfers	IDGT	0
<b>ADJUSTED GROSS APPROPRIATION</b>		<b>49,800,000</b>
Total federal revenues	FDRL	38,491,200
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	(9,897,700)
State general fund/general purpose	GFGP	21,206,500

<b>BEHAVIORAL HEALTH SERVICES</b>		<b>Appn/Fund</b>
Autism services	31650	4,400,000
Healthy Michigan plan - behavioral health	47620	22,400,000
Medicaid mental health services	52700	16,100,000
Medicaid substance use disorder services	52800	6,900,000
<b>GROSS APPROPRIATION</b>		<b>49,800,000</b>
Appropriated from:		
Federal funds	3000	38,491,200
State general fund/general purpose	1000	11,308,800

<b>MEDICAL SERVICES</b>		<b>Appn/Fund</b>
Health plan services	47300	0
<b>GROSS APPROPRIATION</b>		<b>0</b>
Appropriated from:		
Quality assurance assessment tax	1902	(9,897,700)
State general fund/general purpose	1000	9,897,700

**Explanation**

This supplemental provides \$49.8 million (\$11.3 million General Fund) to support increased reimbursement through Medicaid and Healthy Michigan Plan to contracted Pre-paid Inpatient Health Plans (PIHP). Actuarial analysis of PIHP financial data indicates that additional funding is needed to meet the costs of providing Medicaid behavioral health and substance use disorder services.

The supplemental also adjusts budgeted retainer savings in the Health Plan services line. Current law assumes savings of \$9,897,700 GF/GP from 13.2% retainer associated with Hospital Rate Adjustment (HRA) Medicaid special financing program. These savings are associated with Healthy Michigan Plan (HMP) old eligibles (HMP enrollees who would otherwise be eligible for traditional Medicaid). Since the 13.2% retainer is not collected on old eligible HRA payments, adjustment backfills incorrectly budgeted GF/GP savings.

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**Judiciary**

<b>Appropriation Summary</b>	<b>Appn/Fund</b>	
<b>GROSS APPROPRIATION</b>		<b>1,250,000</b>
Total interdepartmental grants and interdepartmental transfers	IDGT	0
<b>ADJUSTED GROSS APPROPRIATION</b>		<b>1,250,000</b>
Total federal revenues	FDRL	0
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	1,250,000
State general fund/general purpose	GFGP	0

<b>TRIAL COURT OPERATIONS</b>	<b>Appn/Fund</b>	
Statewide e-file system	65980	1,250,000
<b>GROSS APPROPRIATION</b>		<b>1,250,000</b>
Appropriated from:		
Judicial electronic filing fund	1340	1,250,000

**Explanation**

This supplemental requests \$1.3 million in state restricted authorization to recognize available revenue in the Judicial Electronic Filing Fund to support the continuing statewide expansion of the judiciary's electronic filing system. Additional revenue is available to support the increase in spending authority due to growing usage of the electronic filing system.

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**State Police**

Appropriation Summary		Appn/Fund
<i>Full-time equated classified positions</i>		16.0
<b>GROSS APPROPRIATION</b>		<b>2,474,700</b>
Total interdepartmental grants and interdepartmental transfers	IDGT	0
<b>ADJUSTED GROSS APPROPRIATION</b>		<b>2,474,700</b>
Total federal revenues	FDRL	0
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	0
State general fund/general purpose	GFGP	2,474,700

LAW ENFORCEMENT		Appn/Fund
<i>Full-time equated classified positions</i>		16.0
Forensic science-14 FTE positions	40100	422,100
Grants and community services-2 FTE positions	45970	125,000
<b>GROSS APPROPRIATION</b>		<b>547,100</b>
Appropriated from:		
State general fund/general purpose	1000	547,100

ONE-TIME APPROPRIATIONS		Appn/Fund
Active violence response training	T30130	1,927,600
<b>GROSS APPROPRIATION</b>		<b>1,927,600</b>
Appropriated from:		
State general fund/general purpose	1000	1,927,600

**Boilerplate**

Sec. xxx. The unexpended funds appropriated in part 1 for active violence response training are designated as a work project appropriation, and any unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditure for projects under this section until the projects have been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

- (a) The purpose of the project is to train law enforcement personnel on responses to active violence situations.
- (b) This project will be accomplished by utilizing state employees or contracts with service providers, or both.
- (c) The total estimated cost of the project is \$1,927,600.00
- (d) The estimated completion date is September 30, 2022.

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**Explanation**

This supplemental request provides \$125,000 in General Fund authorization and two full-time equated positions to support the Office of School Safety established by Public Act 435 of 2018. This request represents quarter year funding that will allow the Office of School Safety to begin the development of recommendations and model practices on school safety measures, including school emergency operations plans, hardening measures, safety requirements, and training for school personnel.

This supplemental request provides \$1.9 million in General Fund authorization for the Michigan Commission on Law Enforcement Standards to develop and implement an active violence training curriculum in accordance with Public Act 552 of 2018. The act requires that existing licensed law enforcement officers and those individuals seeking licensure as law enforcement officers complete active violence response training developed by the commission.

This supplemental request provides \$422,100 in General Fund authorization and 14 full-time equated positions within the forensic laboratories to decrease biology/DNA case turnaround times to under 60 days. This request represents partial year funding that will allow the department to begin hiring and training forensic scientists who will support law enforcement agencies at federal, state, county, and municipal levels.

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<b>Appropriation Summary</b>	<b>Appn/Fund</b>	
<b>GROSS APPROPRIATION</b>		<b>4,465,000</b>
Total interdepartmental grants and interdepartmental transfers	IDGT	0
<b>ADJUSTED GROSS APPROPRIATION</b>		<b>4,465,000</b>
Total federal revenues	FDRL	0
Total local revenues	LOCL	0
Total private revenues	PRIV	0
Total other state restricted revenues	STRS	0
State general fund/general purpose	GFGP	4,465,000

<b>CAPITAL OUTLAY</b>	<b>Appn/Fund</b>	
Enterprisewide special maintenance for state facilities	C81940	4,465,000
<b>GROSS APPROPRIATION</b>		<b>4,465,000</b>
Appropriated from:		
State general fund/general purpose	1000	4,465,000

**Explanation**

The sale of the Farnum Building for \$4.5 million closed this April. This request appropriates the net proceeds of the sale (closing costs are removed) to the department's Enterprisewide Special Maintenance program. This is consistent with the intent stated in section 867 of Article VIII of Public Act 207 of 2018, that the net proceeds from the sale of the Farnum Building be appropriated back to the department to refund the costs associated with the relocation of the Senate from the Farnum Building to the Binsfeld Building (totaling \$7 million) that were originally appropriated from this line item in Public Act 252 of 2014.